

INFORMATION REPORT

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COUNTRY Yugoslavia

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SUBJECT Reaction to Regime's Policy and  
Economy

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1. Cominformism is regaining a foothold in Slovenia. Dissatisfaction with the regime is widespread, and the same suppressive action which befell Rade Zigic and his group in Zagreb is anticipated by Slovene Party people momentarily.
2. Many of the old members of the Communist Party are now pro-Cominform and are quitting their positions of responsibility. Their allegiance to the Cominform is limited, however, inasmuch as they are not pro-Soviet. They explain their dissatisfaction by asserting that they fought for a type of regime other than the present one and condemn the regime's foreign policy, claiming that Kardelj and his associates play the role of American puppets in the United Nations.
3. The present state of the nation's economy is considered a catastrophe of major proportion by men of all political tendencies. The only assurance of nourishment is a sufficiency of bread which is distributed in rations. The prices on the blackmarket have risen sharply and are now beyond the reach of 80 percent of the people. There is general fear of approaching famine.
4. Mail package services are being organized in Ljubljana, Zagreb, and Belgrade in order to increase the influx of foreign funds. A service of this type has been organized in Ljubljana. There will be representatives in all the large cities of the world through which it will be possible to order food parcels for friends and relatives in Yugoslavia. The representatives will pass the orders to the company in Yugoslavia and will collect the money on their account. Yugoslavia will import the type of goods generally wanted which will make it possible to send almost anything in the way of gift parcels.
5. Another system devised to acquire funds has been the establishment of a special store on Gosposvetska Cesta, Ljubljana, where almost everything can be bought for foreign currency. The money is not changed at the regular rate of exchange but at a free rate. People in possession of foreign currency go to the National Bank, turn in their money and are given a bond made out to the bearer. The Bank is not permitted to ask questions on the origin of the money or request any personal information. The bond is valid tender for making purchases at the special store.
6. Similar stores will be opened shortly in Zagreb, Belgrade, Cetinje, Sarajevo, and Skoplje. They will carry many luxury items which cannot usually be found

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- 2 -

in Yugoslavia. By this means the Government hopes to extract all the foreign funds now being hoarded and the money the people receive through different media from abroad.

7. The following is given as an example of a typical transaction in the special stores: one kilogram of sugar in the store costs \$1.00, while on the blackmarket it costs approximately 500 dinars (\$10.00), the dollar being worth 50 dinars at the official rate. The same applies to other items.

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